

Message Text

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INFO ALL NATO CAPITALS

USNMR SHAPE

C O N F I D E N T I A L STATE 027761

FOLLOWING REPEAT USNATO 0378 SENT ACTION SECDEF INFO SECSTATE
24 JAN 77

QUOTE C O N F I D E N T I A L USNATO 0378

FOR SECRETARY BROWN FROM AMBASSADOR STRAUSS-HUPE

E.O. 11652: GDS

TAGS: NATO, OCON, MILI, AWACS

SUBJECT: NATO AEW

1. NATO HAS BEEN ENGAGED FOR MORE THAN A YEAR IN AN EXTENSIVE
EFFORT TO SATISFY A MILITARY NEED FOR ACQUISITION OF A NATO
AIRBORNE EARLY WARNING (AEW) FORCE BASED ON A
VARIATION OF THE US E-3A AWACS. THE COST OF THIS PROGRAM IS
ESTIMATED AT \$2.4 BILLION, RENDERING IT THE MOST EXPENSIVE COOPER-
ATIVE PROGRAM EVER PROPOSED FOR NATO. NOWEVER, IT IS CLEAR THAT
THERE WILL BE NO NATO AEW PROGRAM WITHOUT STRONG US SUPPORT
AND FORCEFUL US LEADERSHIP. INDEED, IT IS PROBLEMATIC
WHETHER THERE WILL BE A NATO PROGRAM EVEN WITH OUR SUSTAINED
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SUPPORT AND LEADERSHIP. THOUGH EVEN LARGER ISSUES DOUBTLESS
ARE COMPETING FOR YOUR ATTENTION, I COMMEND THIS UNPRECEDENTED
NATO AEW PROGRAM TO YOUR EARLY PERSONAL ATTENTION.

2. AT THEIR MOST RECENT MEETING (DECEMBER 1976), NATO
DEFENSE MINISTERS AGREED ON THE NEED FOR AN URGENT
DECISION ON ACQUISITION OF A NATO AEW FORCE. THEY ALSO

AGREED TO ASSEMBLE HIGH LEVEL FINANCIAL EXPERTS AT NATO HEADQUARTERS DURING JANUARY TO WORK OUT FINANCIAL ASPECTS OF THE PROGRAM,
AND, AT THE UNITED KINGDOM'S INSISTENCE, TO MEET AGAIN AT MINISTERIAL LEVEL AS SOON AS FEASIBLE THEREAFTER. THE UK INSISTENCE ON AN EARLY MEETING AT MINISTERIAL LEVEL STEMS FROM THE FACT THAT THE UK'S OWN NIMROD AEW AIRCRAFT HAS REACHED THE POINT IN ITS DEVELOPMENT WHERE COSTS ARE INCREASING RAPIDLY AND, ALTHOUGH THE UK WOULD PREFER A NATO PROGRAM, IT MUST DECIDE VERY SOON ON WHICH PROGRAM IT WILL PURSUE. THE FRG, ON THE OTHER HAND, BELIEVES IT MUST MOVE MORE SLOWLY TOWARD A DECISION TO PARTICIPATE IN A NATO PROGRAM, PARTLY BECAUSE OF INTERNAL POLITICS AND PARTLY BECAUSE OF A DESIRE TO INSURE THAT A NATO AEW PROGRAM IS TRULY AN ALLIANCE PROGRAM, NOT A THINLY DISGUISED TRI-NATIONAL ACQUISITION.

3. FINANCIAL EXPERTS HELD THEIR FIRST MEETING ON JANUARY 11-12 AND WILL MEET AGAIN ON JANUARY 26-27, 1977. ALTHOUGH THERE IS NOT YET AGREEMENT ON A DATE FOR THE DEFENSE MINISTERS MEETING, I BELIEVE IT COULD TAKE PLACE AS EARLY AS LATE FEBRUARY OR EARLY MARCH.

4. SEVERAL DIFFICULT FINANCIAL PROBLEMS REMAIN TO BE SOLVED BEFORE A FINAL DECISION WILL BE POSSIBLE. FOR EXAMPLE, AT THE FINANCIAL EXPERTS MEETING ON JANUARY 11-12, ONLY SIX NATIONS (CANADA, GREECE, LUXEMBOURG, NORWAY, UK AND US) TENTATIVELY AGREED TO THEIR SHARES UNDER A COMPROMISE COST SHARING FORMULA. MOST NATIONS (INCLUDING CONFIDENTIAL

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CANADA AND THE FRG) WANT THE US SHARE INCREASED. THIS HAS RESULTED IN DEVELOPMENT OF A NEW COST-SHARING FORMULA FOR CONSIDERATION BY NATIONS UNDER WHICH THE US SHARE WOULD INCREASE FROM THE PREVIOUSLY PROPOSED \$667 MILLION TO \$756 MILLION.

5. IN BRIEF, I WOULD LIKE TO RE-EMPHASIZE THE CONCLUSION THAT THE US LEAD WILL BE DECISIVE. STRAUSS-HUPE

UNQUOTE VANCE

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NNN

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Disposition Approved on Date:
Disposition Case Number: n/a
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